



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Doctors Hospital at Renaissance

Respondent Name

Insurance Co of the State of Pennsylvania

MFDR Tracking Number

M4-17-0704-01

Carrier's Austin Representative

Box Number 19

MFDR Date Received

November 14, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "According to TWCC guidelines, Rule §134.403 states that the reimbursement calculation used for establishing the MAR shall be by applying the Medicare facility specific amount."

Amount in Dispute: \$1,788.48

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: The Austin carrier representative for Insurance Co of the State of Pennsylvania is Flahive Ogden & Latson. Flahive Ogden & Latson acknowledged receipt of the copy of this medical fee dispute on November 17, 2016.

28 Texas Administrative Code §133.307(d)(1) states:

Responses. Responses to a request for MFDR shall be legible and submitted to the division and to the requestor in the form and manner prescribed by the division.

(1) Timeliness. The response will be deemed timely if received by the division via mail service, personal delivery, or facsimile **within 14 calendar days after the date the respondent received the copy of the requestor's dispute**. If the division does not receive the response information within 14 calendar days of the dispute notification, then the division may base its decision on the available information.

Review of the documentation finds that no response has been received from Flahive, Ogden & Latson to date. The Division concludes that the carrier failed to respond within the timeframe required by §133.307(d)(1). For that reason the Division will base its decision on the information available.

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
March 15, 2016	Outpatient Hospital Services	\$1,788.48	\$1,770.16

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403 sets out reimbursement guidelines for outpatient hospital services.
3. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - 1 – Workers compensation jurisdictional fee schedule adjustment
 - 2 – Payment has been determined using the Clinical Laboratory Fee Schedule
 - 3 – This service/procedure requires that a qualifying service/procedure be received and covered. The qualifying other service/procedure has not been received/adjudicated
 - 4 – The charge for lab test which is a component of a panel test cannot be billed separately when billed with other component tests of the same panel test. Payment has been made for the panel test
 - 5 – The allowance for the device intensive procedure was paid at an adjusted rate
 - 6 – The charge exceeds the APC rate for this service
 - 7 – The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated
 - 8 – The service is considered incidental, packaged, or bundled into another service of APC payment
 - 6 – Non covered charge(s)
 - 7 – This code is not paid under outpatient PPS
 - 1 – Previously paid. Payment for this claim/service may have provided in a previous payment
 - 4 – This bill is denied as a duplicate. If you intended to request a reconsideration the nature of your request is unclear. To ensure a proper review, please re-submit a copy of the original EOR and a detailed explanation of what dates of service you would like reconsidered and the justification.

Issues

1. Is the carrier's denials supported?
2. Is the fee reduction made by the carrier supported?
3. Is the requestor due additional payment?

Findings

1. The claim is dispute is for outpatient hospital services rendered on March 9 -15, 2016. The requestor is seeking reimbursement for \$1,788.48. The carrier denied the services as 7 – "The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated, and 8 – "The service is considered incidental packaged or bundled into another service or APC payment."

The requestor has listed all of the services billed on the DWC060 as disputed services. To review whether the denial from the carrier is supported, Outpatient hospital services are subject to the requirements of 28 Texas Administrative Code 134.403 (d) which states in pertinent part,

For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided...

The applicable Medicare payment policy is found at www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS.

- **Payment status indicator** - The status indicator identifies whether the service described by the HCPCS code is paid under the OPPTS and if so, whether payment is made separately or packaged. The status indicator may also provide additional information about how the code is paid under the OPPTS or under another payment system or fee schedule. The relevant status indicator may be found at the following: www.cms.gov, Hospital Outpatient Prospective Payment – Final Rule, OPPTS Addenda, Addendum D1.
- **APC payment groups** - Each HCPCS code for which separate payment is made under the OPPTS is assigned to an ambulatory payment classification (APC) group. The payment rate and coinsurance amount calculated for an APC apply to all of the services assigned to the APC. A hospital may receive a number of APC payments for the services furnished to a patient on a single day; however, multiple surgical procedures furnished on the same day are subject to discounting. The relevant payment amount for each APC may be found at www.cms.gov, Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Annual-Policy-Files, Addendum B. These files are updated quarterly.

The applicable status indicators are as follows:

- Procedure code C1713 has status indicator N denoting packaged codes with no separate payment; reimbursement is packaged with payment for other services (including outliers).
- Procedure code 36415, date of service March 9, 2016, has a status indicator of Q4 denoting packaged APC payment if billed on the same claim as a HCPCS code assigned published status indicator “J1,” “J2,” “S,” “T,” “V,” “Q1,” “Q2,” or “Q3.” The requestor submitted code 29827 which has a status indicator of “J1” as such, the claim line is not separately payable.
- Procedure code 80048, date of service March 9, 2016, has a status indicator of Q4 denoting packaged APC payment if billed on the same claim as a HCPCS code assigned published status indicator “J1,” “J2,” “S,” “T,” “V,” “Q1,” “Q2,” or “Q3.” The requestor submitted code 29827 which has a status indicator of “J1” as such, the claim line is not separately payable.
- Procedure code 85025, date of service March 9, 2016, has a status indicator of Q4 denoting packaged APC payment if billed on the same claim as a HCPCS code assigned published status indicator “J1,” “J2,” “S,” “T,” “V,” “Q1,” “Q2,” or “Q3.” The requestor submitted code 29827 which has a status indicator of “J1” as such, the claim line is not separately payable.
- Procedure code 29826 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J2795 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J2270 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J1885 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J0171 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J2765 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J2250 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J2405 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J0690 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J3010 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J2710 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J0131 has status indicator N denoting packaged codes with no separate payment.
- Procedure code A9270 has status indicator E denoting excluded or non-covered codes not payable if submitted on an outpatient bill.

The remaining claim line in dispute is 29827. The carrier reduced the charge as 1 – “Workers compensation jurisdictional fee schedule adjustment, 5 – “The allowance for the device intensive procedure was paid at an adjusted rate” and 6 – “The charge exceeds the APC rate for this service. The maximum allowable reimbursement is calculated below.

2. In order to calculate the correct Division fee guideline, stakeholders should be familiar with the main components in the calculation of the Medicare payment for OPPTS services, which are:

- **How Payment Rates Are Set**, found at www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/HospitalOutpaysysfctshsht.pdf,

- *To account for geographic differences in input prices, the labor portion of the national unadjusted payment rate (60 percent) is further adjusted by the hospital wage index for the area where payment is being made. The remaining 40 percent is not adjusted.*

The maximum allowable reimbursement is calculated per 28 Texas Administrative Code §134.403 (e) and (f) which states in pertinent part,

(e) Regardless of billed amount, reimbursement shall be:

(1) the amount for the service that is included in a specific fee schedule set in a contract that complies with the requirements of Labor Code §413.011; or

(2) if no contracted fee schedule exists that complies with Labor Code §413.011, the maximum allowable reimbursement (MAR) amount under subsection (f) of this section, including any applicable outlier payment amounts and reimbursement for implantables.

(f) The reimbursement calculation used for establishing the MAR shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register. The following minimal modifications shall be applied.

(1) The sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by:

(A) 200 percent; unless

(B) a facility or surgical implant provider requests separate reimbursement in accordance with subsection (g) of this section, in which case the facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 130 percent.

Review of the submitted medical claim finds no evidence of a contract and separate reimbursement for implantables was not requested therefore, the requested service in dispute are reimbursed based on 28 Texas Administrative Code §134.430 (f)(1)(A).

Submitted code	Status Indicator	APC	Payment Rate	Unadjusted labor amount = APC payment x 60%	Geographically adjusted labor amount = unadjusted labor amount x annual wage index 0.7989	Non labor portion = APC payment rate x 40%	Medicare facility specific reimbursement (geographically adjusted labor amount + non labor portion)	Maximum Allowable Reimbursement
29827	J1	5123	\$4,969.26	\$4,969.26 X 60% = \$2,981.56	\$2,981.56 X 0.7989 = \$2,381.97	\$4,969.26 X 40% = \$1,987.70	\$2,381.97 + \$1,987.70 = \$4,369.67	\$4,369.67 X 200% = \$8,739.34
							Total	\$8,739.34

3. The total allowable reimbursement for the services in dispute is \$8,739.34. This amount less the amount previously paid by the insurance carrier of \$6,969.18 leaves an amount due to the requestor of \$1,770.16. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$1,770.16

ORDER

Based on the submitted information, pursuant to Texas Labor Code Sec. 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services in dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$1,770.16, plus applicable accrued interest per 28 Texas Administrative Code §134.130 due within 30 days of receipt of this Order.

Authorized Signature

_____	_____	December 08, 2016
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012**.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.